

To Members of the California State Assembly:

I am returning Assembly Bill 320 without my signature as it further erodes the ability to do business in California by creating more uncertainty regarding litigation and litigation costs.

This bill prohibits all businesses and professions licensed under the Department of Consumer Affairs (DCA) from inserting “gag clauses” in civil suits settled with customers.

When parties who are in dispute agree to settle, there should be some assurances that the dispute has been resolved in a satisfactory and final manner for both parties. Often settlements are reached when the cost of settlement is less than the cost of defense – even if a party believes they have not erred, it often makes economic sense to settle.

Under this bill a party who agrees to a civil settlement, could still file a complaint with a regulatory agency subjecting the licensee to double jeopardy. Even after the resolution of a civil suit, this bill could still require a licensee to a second adjudication before a regulatory body.

The policy implications of this bill does not further the goal of making California more business friendly, therefore, I cannot support this bill.

Sincerely,

Arnold Schwarzenegger